



UNITED STATES SENATE
**REPUBLICAN
POLICY COMMITTEE**

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Minimum Wage

Democrats Refuse to Create New Jobs, Try to Destroy 600,000 Existing Jobs

Senate Democrats would prefer the public not focus on their extensive list of [failures](#). They would prefer the public not focus on their failure to [pass a budget](#) for the first time since 1974, or to pass a [homeland security bill](#), or to make the Bush tax cut permanent, or their [appropriations record](#), the worst of any Senate in 20 years. They would rather the public focus on the struggling economy and their key economic proposal, increasing the minimum wage.

Of course, that proposal is a \$28 billion hidden tax that would eliminate as many as 600,000 jobs. Senate Democrats would prefer the public not focus on that, either.

- The Congressional Budget Office (CBO) estimates the Democrat proposal to increase the minimum wage ([S. 2538](#)) would amount to a hidden tax increase of \$28 billion (over five years) that would eliminate [as many as](#) 600,000 jobs.
- Senate Democrats effectively have killed the Department of Homeland Security bill in a dispute over the job conditions of some 200,000 federal workers. Yet Senate Democrats stand willing to eliminate up to *three times* that many jobs with a \$28 billion hidden tax.
- Federal Reserve Board Chairman Alan Greenspan has said, "I'm not in favor of cutting anybody's earnings or preventing them from rising, but I am against them losing their jobs because of artificial government intervention, which is essentially what the minimum wage is" [*Wall Street Journal*, July 19, 2001].
- Even workers who keep their jobs would be hurt. Studies have shown increasing the minimum wage reduces other compensation such as training, which can lower minimum wage workers' long-term earnings.

With so many low-wage workers struggling to get by, Congress and the President should be cutting taxes to give investors and employers the tools they need to retain the workers they have and hire more – not inflicting greater harm on low-wage workers with tax increases.

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